




MINNESOTA
DEPARTMENT OF
COMMERCE

85 7th Place East, Suite 500
St. Paul, Minnesota 55101-3165
www.commerce.state.mn.us
651.296.4026 FAX 651.297.1959
An equal opportunity employer

Financial Institutions Division
(651) 296-2715
FAX: (651) 296-8591

June 30, 2009

To: The Chief Executive Officers of Minnesota licensed insurance companies

From: Kevin M. Murphy 
Deputy Commissioner of Commerce

Re: Legislative Changes to Chapters 60A, 60B, 60L, 61A, 61B and 67A

The Commerce Department's legislative proposal concerning insurers was incorporated into House File 2123 as Article III of that omnibus budget bill. The bill was passed by the Minnesota Legislature and signed into law by Governor Pawlenty. This summary is applicable to the category of insurers as affected as follows:

Section A - All Minnesota licensed insurers *except* Township Mutual Insurance Companies,
Section B - Life and Health Insurance Companies licensed in Minnesota and
Section C - Township Mutual Insurance Companies.

The full text of the bill is available on the Internet.¹

Article III of House File 2123

Section A - All Minnesota licensed insurers *except* Township Mutual Insurance Companies.

<u>Section No.</u>	<u>Affected Statute</u>	<u>Effective Date</u>
10 and 11	60A.1291 (old 60A.129) and 60A.124	January 1, 2010

Repealed 60A.129, replaced by 60A.1291. Adopts the National Association of Insurance Commissioners Annual Financial Reporting Model Regulation and establishes new guidance as regards annual audits, audit committee membership, and independence of members of the board of directors.

¹ <https://www.revisor.leg.state.mn.us/laws/?id=37&doctype=chapter&year=2009&type=0>

13

60L.02, subd.3

August 1, 2009

A technical cross reference change related to section 11. Change made to replace 60A.129 with 60A.1291.

Section B - Life and Health Insurance Companies licensed in Minnesota.

14

61A.258, subd. 1

January 1, 2009

Establishes the appropriate mortality table to be used for Preneed Insurance Products.

15

61B.19, subd. 4

May 8, 2009

Establishes new coverage limits for the Minnesota residents in the event of an insolvency of their insurance carrier. Limits of liability are increased and the provision for the inflation adjustment of liability limits is repealed. Highlights of the new coverage limits are as follows:

Life Insurance benefits	\$500,000
Life Cash Surrender/Withdrawal Values	\$130,000
Health Insurance benefits (Including Cash Surrender/Withdrawal Values)	\$500,000
Annuity Cash Surrender & Net Cash Withdrawal Values	\$250,000
Structured Settlement Annuities (Present Value of benefits)	\$410,000
Individual Retirement Plan participant	\$250,000

16

61B.28, Subd. 4

May 8, 2009

It is no longer a violation of law to *verbally* explain to an applicant what coverage is provided by the Minnesota Life and Health Guaranty Association.

17

61B.28, Subd. 8

May 8, 2009

The "Policyholder Rights in an Insolvency Notice Form" is modified to incorporate the increased liability limits.

Section C - Township Mutual Insurance Companies.

18-24

67A.01, subd. 1 and 67A.18, subd. 1

August 1, 2009

The laws relating to township mutual insurance companies have been modified significantly. The new statute changes the basis of authorized territory from townships to *counties*. Minimum surplus requirements have also been implemented based on the number of authorized counties, and the authority of a company to assess its members is removed.

12

60B.03, subd. 15

August 1, 2009

A technical cross reference change related to sections 18-24. Change made to include township mutual insurance companies in definition of insolvency.

The above summary is provided for your convenience and is not intended as legal advice. The statutes and the changes thereto are complex and reference to the bill is recommended.